

2013 Annual Report

Shared Values, Shared Prosperity



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

Table of Contents

Foreword: Shared Values, Shared Prosperity	5
Message from U.S. Secretary of State John F. Kerry, Chair of MCC's Board of Directors	7
Message from Daniel W. Yohannes, MCC's Chief Executive Officer	10
MCC's Leadership and Values	13
Where Values and Interests Meet: In the Lives of the World's Poor	24
Where Values and Interests Meet: In Partnerships with Benefits for All	56
Where Values and Interests Meet: In Advancing the Fight Against Global Poverty	62
Financial Statements	72

Foreword: Shared Values, Shared Prosperity

Americans have always been defined by their values—their pursuit of freedom, justice and equality, their love of democracy, their strength through diversity, their compassion and optimism, their ingenuity and grit to create new opportunities for themselves and generations to come.

These same values also guide how the U.S. Government delivers development assistance through the Millennium Challenge Corporation.

Created in 2004 to reduce global poverty through economic growth, MCC furthers U.S. interests around the world by embracing the most universal of values.

By insisting on mutual responsibility, MCC is empowering some of the world's poorest countries to help themselves break through their barriers to growth and move toward self-sufficiency. This forges genuine partnerships of trust and shared values that hold us equally accountable for the cost-effective delivery of assistance. Just as important, this builds partnerships that power more trade, business and investment. Purposeful collaboration like this drives the commercial activity necessary for jobs and economic development in the United States and in our partner countries.

By supporting good governance, democratic principles and the rule of law, MCC is fostering stable and peaceful societies where families can pursue their basic needs for education, health and livelihoods in dignity and plan their futures with hope. MCC helps countries adopt international standards for financial management, procurement and social and environmental safeguards to ensure that our engagements leave behind the necessary good governance tools. This contributes to a more secure world.

By unlocking the full economic and productive capacity of women through compacts, MCC is prioritizing gender equality as an indispensable component of growth. This recognizes women as income-generating actors and as co-creators of economic wealth who can improve the quality of life for themselves and their families, communities and countries.

With a constant focus on results, accountability and transparency, we are challenging ourselves and others to learn, adapt, evolve, and change approaches to development. The results of our operational programs identify the development interventions that work to raise the incomes of the poor and spur sustainable growth, and they also highlight the approaches that fail to deliver on the ground. We believe MCC and others have much to learn from failure, with a duty to use evidence to stop what does not produce results.

In the increasing interdependence of our global community, the inextricable link between what we value and what interests we pursue, ultimately, advances a shared prosperity. In this report, read how MCC leads with its values to promote interests of mutual benefit.



“I’ve always thought that American foreign policy—indeed, America—is at its best in the world when our interests and our values come together. And I can think of no better example of our interests and our values coming together than MCC.”

Former Secretary of State and former Chair of MCC’s Board of Directors
Dr. Condoleezza Rice
MCC’s 2013 Forum on Global Development
April 29, 2013

**Message from U.S. Secretary of State John F. Kerry,
Chair of MCC's Board of Directors**

Chair of MCC's Board of Directors



If the first decade of the 21st century taught us anything about national security, it's that we require more than a strong military to meet our global challenges—diplomacy and development are essential elements of national power.

After traveling nearly 300,000 miles to more than 35 countries around the world as Secretary of State, I am more convinced than ever that America must continue to play a leadership role in shaping a more secure and prosperous future.

But in times of shrinking budgets, we need to make certain that we're not penny wise and pound foolish when it comes to supporting America's vital overseas interests. Our investments in diplomacy and development will make the world safer, and they will make us safer.

Foreign assistance is not a favor – it's an investment in our shared security and prosperity. It helps nations realize their potential, develop their ability to govern, fight corruption, advance the rule of law, and become our economic partners.

Don't take my word for it. Just look at the facts: 11 of our top 15 trading partners used to be the beneficiaries of U.S. foreign assistance. And since 95 percent of the world's customers live outside of the United States, we can't afford to hamstring our ability to compete in these increasingly growing markets.

Our businesses understand what's at stake. It's simple: Developing economies are the epicenters of growth. They are open for business, and as American companies compete abroad and sell their goods in new markets, we create jobs for Americans right here at home.

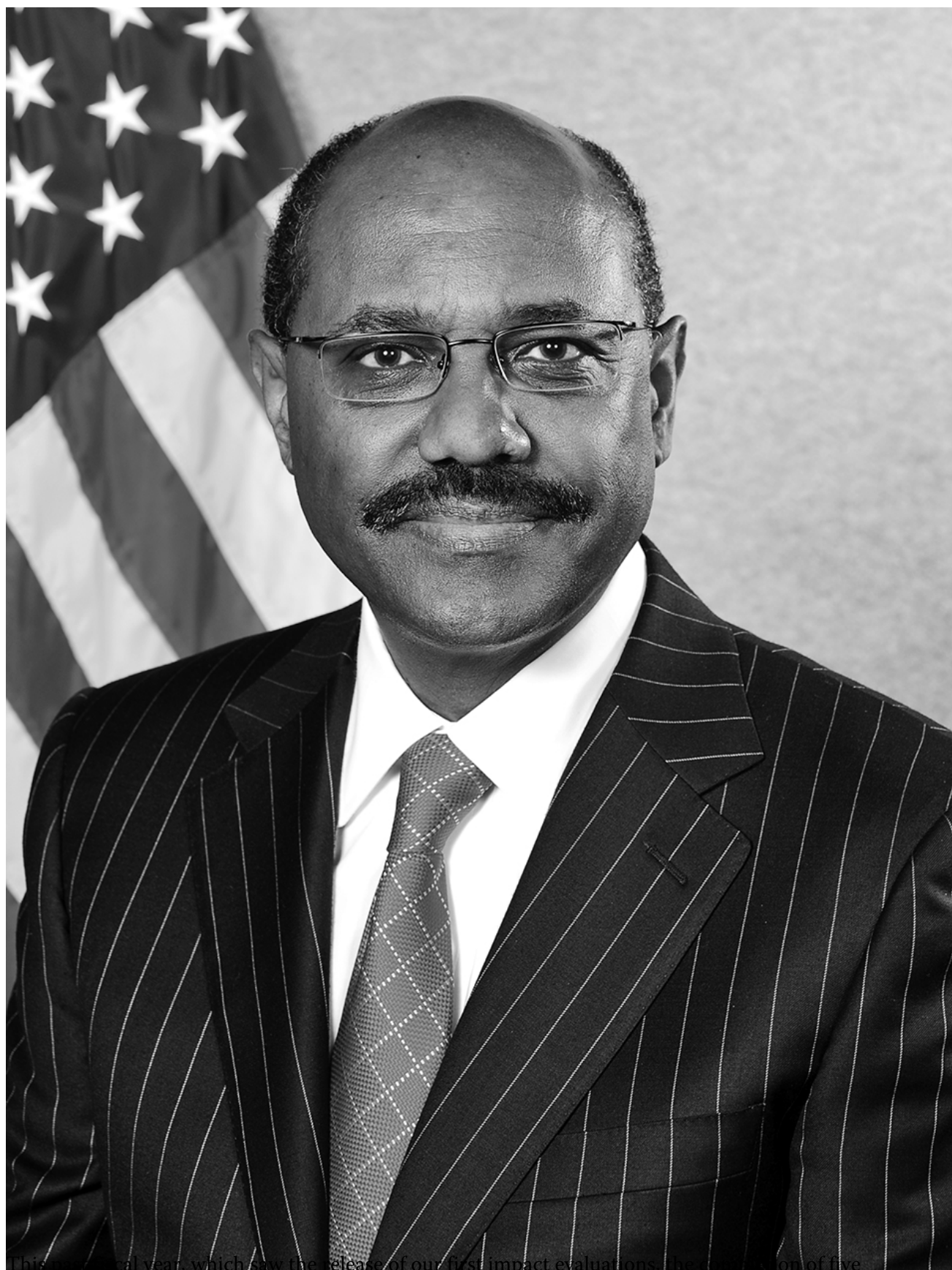
So if we want a new list of assistance graduates, countries that used to take our aid but now buy our exports, we can't afford to pull back. This is a time to step forward, and the Millennium Challenge Corporation is leading the charge.

MCC is a model of innovation in development. It's about working hand in glove with countries to address their barriers to economic growth. It's about good governance and accountability. It's about greater cooperation with the private sector. It's about demanding results and testing our assumptions against the data. Above all, it's about understanding what works in development and why so that we get the best possible return from every dollar invested.

Energetic global leadership is a strategic imperative for America. It's in our DNA. That's who we are, and that's why I am confident that, with ongoing support from Congress and the American people, MCC will continue to help shape global economic prosperity and opportunity for generations to come.

**Message from Daniel W. Yohannes, MCC's Chief
Executive Officer**

MCC's Chief Executive Officer



This past fiscal year, which saw the release of our first impact evaluations, the completion of five compacts, the signing of our first compact that focuses exclusively on education, the launch of our

redesigned Threshold Program, and major achievements in data transparency, reaffirmed the Millennium Challenge Corporation's role in delivering development assistance that advances shared values and interests.

MCC's values, grounded in opportunity and accountability, are shared by our partners. By giving countries resources along with operational and policy advice, MCC has become an agent of change that helps them break the cycle of aid dependency to pursue balanced and practical economic growth strategies. By investing in the policy reforms needed for such economic growth, MCC delivers long-term impact that is mutually beneficial. By vigilantly monitoring and evaluating for results in partner countries willing to do their part by performing on measures of good governance, economic freedom and investments in their citizens, MCC holds itself and its partners to the highest standards of accountability. And ultimately, by increasing the incomes of the poor and strengthening developing economies with which to do business and trade, MCC helps American businesses compete, drive growth and create jobs.

Through these values, MCC is making a measurable difference in the lives of the poor by investing in transportation and energy infrastructure, agricultural development and food security, clean water and sanitation, financial services, and health and education. What we are learning about the results of these investments is also helping us inform the practices of the larger development community, within the U.S. Government and beyond, in order to maximize the effectiveness and impact of our collective efforts to end global poverty. Our commitment to transparency is key to accountability and learning, and I am thrilled that MCC's efforts allowed the agency to improve to the first-place ranking worldwide among 67 donors in the most recent Publish What You Fund Aid Transparency Index released in October 2013.

Creating shared economic prosperity is in our interests. Leading with our values and partnering with those who share them, MCC will continue to pursue these interests toward sustainable, life-changing development.

MCC's Leadership and Values

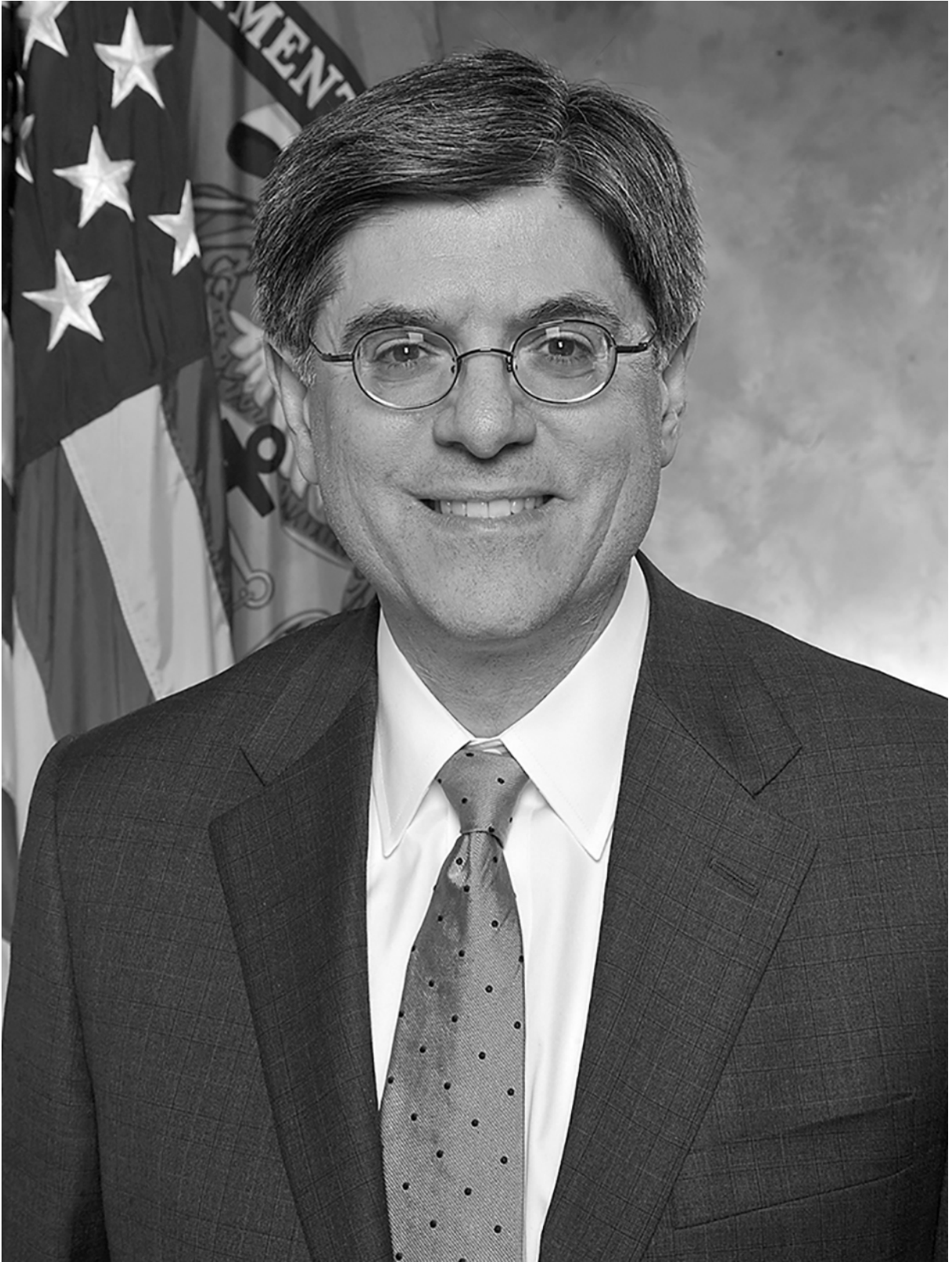
MCC's Board of Directors

- 1.



John F. Kerry, Chair, Secretary of State

2.



Jacob J. Lew, Vice Chair, Secretary of the Treasury

3.



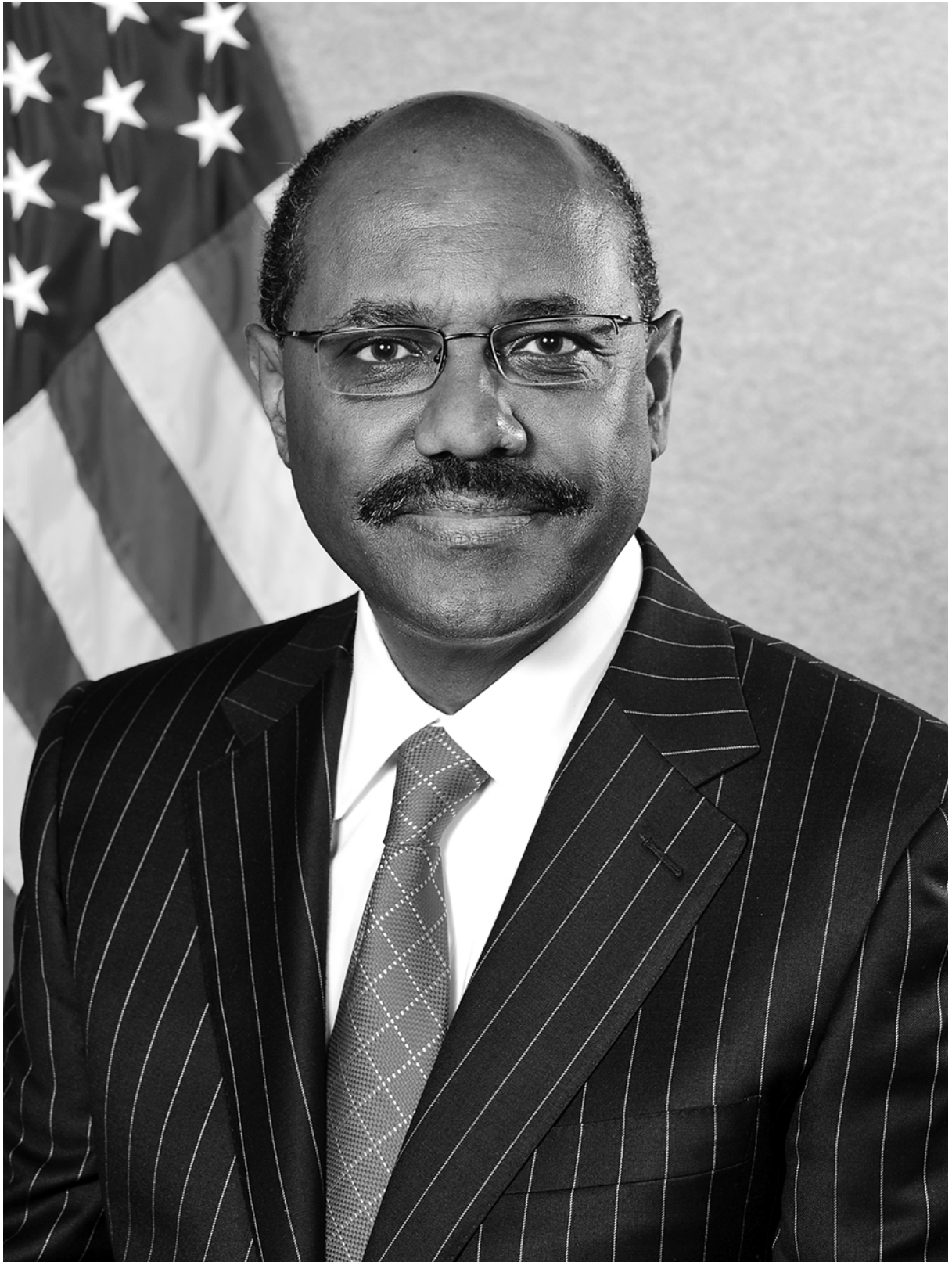
Michael Froman, U.S. Trade Representative

4.



Dr. Rajiv Shah, Administrator, U.S. Agency for International Development

5.



Daniel W. Yohannes, Chief Executive Officer, MCC



Mark Green, President and CEO, Initiative for Global Development

7.



Lorne Craner, President, International Republican Institute

8.



Morton H. Halperin, Senior Advisor, Open Society Foundations and the Open Society Policy Center

MCC's Senior Management

As of September 30, 2013:

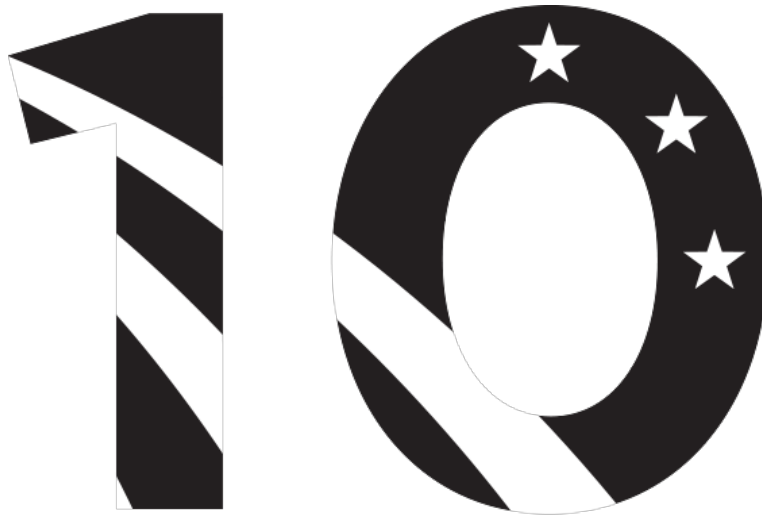
- Cassandra Q. Butts, Senior Advisor Office of the Chief Executive Officer
- Sheila Herrling, Vice President Department of Policy and Evaluation
- Steven M. Kaufmann, Chief of Staff Office of the Chief Executive Officer
- Kamran Khan, Vice President Department of Compact Operations
- Frances Reid, Senior Investment and Risk Officer Office of the Chief Executive Officer
- Paul Weinberger, Vice President Department of Congressional and Public Affairs
- Melvin F. Williams, Jr., Vice President General Counsel and Corporate Secretary
- Chantale Yokmin Wong, Vice President and Chief Financial Officer Department of Administration and Finance

MCC's Corporate Values

During fiscal year 2013, MCC articulated a set of corporate values. While our development model is defined by the core principles of selectivity, country ownership, transparency, and a focus on results, our values define how we behave on a daily basis, both as professionals and as an institution. Our values identify who we are and what is important to us. They guide how we make decisions, set priorities, address challenges, manage tradeoffs, recruit and develop staff, and work together with our partner countries and stakeholders. MCC's five corporate values are CLEAR:

- **Embrace Collaboration:** We work together toward clear, common goals with a spirit of creativity and teamwork. We believe that bringing different perspectives to the table leads to finding the best solutions.
- **Always Learn:** We question assumptions and seek to understand what works, what doesn't and why. We recognize that failing to reach a goal can be an important source of learning, and we apply and share those lessons broadly.
- **Practice Excellence:** We envision MCC as a leader in global development, and we have high standards for ourselves and in each other to advance the fight against global poverty.
- **Be Accountable:** We own our actions, are honest about our limits and missteps and hold ourselves and each other responsible for good performance. We are transparent and explain our decisions.
- **Respect Individuals and Ideas:** We are inclusive, act with humility and value our diverse ideas. We listen to each other and foster strong working relationships with our colleagues at MCC, in our partner countries and in the development community.

MCC's First Decade



MILLENNIUM CHALLENGE CORPORATION

TEN YEARS OF REDUCING POVERTY

In 2014, MCC will celebrate its 10th anniversary. Given this milestone, MCC's management and staff engaged in a robust conversation this fiscal year about MCC's future. The conversation centered, in part, on MCC's model, our investment results, the evolving demographics of global poverty, what role the private sector should play in development, and what partnerships make sense in an increasingly challenging fiscal environment that asks us to do more with less. This conversation will help chart MCC's next decade and beyond. As this process continues to unfold, consulting with our stakeholders—from the U.S. Congress to partner countries worldwide to the nongovernmental and civil society community—will remain integral to how MCC thinks and evolves moving forward.

Where Values and Interests Meet: In the Lives of the World's Poor

Promoting our Interests

“Our lives as Americans are more intertwined than ever before with the lives of people in parts of the world that we may have never visited. In the global challenges of diplomacy, development, economic security, environmental security, you will feel our success or failure just as strongly as those people in those other countries that you'll never meet.”

Secretary of State and Chair of MCC's Board of Directors John Kerry
Speech at University of Virginia
February 20, 2013

Reflecting shared values grounded in opportunity and dignity as well as mutual interests that seek an end to aid dependency, MCC and our partner countries pursue one mission: poverty reduction through economic growth. MCC's strategic investments are helping the poor break through their barriers to economic growth, raise their incomes and create the right conditions for the private sector to drive prosperity. See what this means for the world's poor.

Investments at a Glance

Compact Investments by Sector (as of September 30, 2013)

Dates to Note during Fiscal Year 2013

- July 26, 2013: Signing of Georgia's second compact
- September 12, 2013: Approval of El Salvador's second compact by MCC's Board of Directors
- September 15, 2013: Completion of Morocco's compact
- September 17, 2013: Completion of compacts with Lesotho, Mongolia and Tanzania
- September 22, 2013: Completion of Mozambique's compact

Compact Portfolio Financial Status

Country	EIF Date	Months Remaining	Time Elapsed	Compact Amount	Cumulative Commitments	% of Compact Commitments	Cumulative Disbursements	% of Commitments Disbursed	% of Compact Disbursed	Commitments Oct '12 to Sep '13	Targets Oct '12 to Sep '13	Performance against Targets	Disbursements Oct '12 to Sep '13	Targets Oct '12 to Sep '13	Performance against Targets
	Compact Information				Cumulative Progress					Year-to-date Performance					
Madagascar	Jul-05	0	100 %	85.6	85.6	100 %	85.6	100 %	100 %	-	-	N/A	-	-	N/A
Honduras	Sep-05	0	100 %	204.0	204.0	100 %	204.0	100 %	100 %	-	-	N/A	-	-	N/A
Cabo Verde I	Oct-05	0	100 %	108.5	108.5	100 %	108.5	100 %	100 %	-	-	N/A	-	-	N/A
Georgial	Apr-06	0	100 %	387.2	387.2	100 %	387.2	100 %	100 %	-	-	N/A	-	-	N/A
Vanuatu	Apr-06	0	100 %	65.4	65.4	100 %	65.4	100 %	100 %	-	-	N/A	-	-	N/A
Nicaragua	May-06	0	100 %	112.7	112.7	100 %	112.7	100 %	100 %	-	-	N/A	-	-	N/A
Armenia	Sep-06	0	100 %	176.6	176.6	100 %	176.6	100 %	100 %	-	-	N/A	-	-	N/A
Benin	Oct-06	0	100 %	301.8	301.8	100 %	301.8	100 %	100 %	-	-	N/A	-	-	N/A
Ghana	Feb-07	0	100 %	536.3	536.3	100 %	536.3	100 %	100 %	(3.2)	-	N/A	(3.8)	-	N/A
El Salvador I	Sep-07	0	100 %	449.6	449.6	100 %	449.6	100 %	100 %	5.8	-	N/A	17.3	-	N/A
Mali	Sep-07	0	100 %	435.6	435.6	100 %	435.6	100 %	100 %	-	-	N/A	6.9	-	N/A
Morocco	Sep-08	0	100 %	697.3	687.8	99 %	577.3	84 %	83 %	107.8	92.1	117 %	217.3	294.2	74 %

Country	EIF Date	Months Remaining	Time Elapsed	Compact Amount	Cumulative Commitments	% of Compact Committed	Cumulative Disbursements	% of Commitments Disbursed	% of Compact Disbursed	Commitments Oct '12 to Sep '13	Targets Oct '12 to Sep '13	Performance against Targets	Disbursements Oct '12 to Sep '13	Targets Oct '12 to Sep '13	Performance against Targets
	Compact Information			Cumulative Progress						Year-to-date Performance					
Lesotho	Sep-08	0	100%	362.6	355.3	98%	324.4	91%	89%	48.7	27.4	178%	128.6	137.5	94%
Mozambique	Sep-08	0	100%	506.9	437.2	86%	395.3	90%	78%	17.6	63.6	28%	193.3	155.3	124%
Tanzania	Sep-08	0	100%	698.1	690.5	99%	620.1	90%	89%	36.0	52.4	69%	275.1	351.4	78%
Mongolia	Sep-08	0	100%	284.9	274.2	96%	257.0	94%	90%	28.6	106.1	27%	93.8	106.1	88%
Burkina Faso	Jul-09	9	85%	480.9	410.3	85%	267.8	65%	56%	99.7	104.1	96%	128.9	183.0	70%
Namibia	Sep-09	11	82%	304.5	282.0	93%	186.6	66%	61%	83.0	82.7	100%	81.8	104.0	79%
Senegal	Sep-10	23	62%	540.0	456.2	84%	85.6	19%	16%	437.8	362.1	121%	72.8	104.7	70%
Moldova	Sep-10	23	62%	262.0	147.9	56%	61.0	41%	23%	24.6	73.7	33%	36.3	73.7	49%
Philippines	May-11	31	48%	433.9	308.9	71%	110.9	36%	26%	148.9	100.9	147%	65.9	100.9	65%
Jordan	Dec-11	38	37%	275.1	181.9	66%	56.8	31%	21%	33.5	64.8	52%	41.4	64.8	64%
Cabo Verde II	Nov-12	50	17%	66.2	3.8	6%	2.8	75%	4%	3.7	3.0	124%	2.5	2.0	125%
Indonesia	Apr-13	54	10%	600.0	30.7	5%	26.6	87%	4%	28.1	5.6	503%	26.6	5.6	477%

Country	EIF Date	Months Remaining	Time Elapsed	Compact Amount	Cumulative Commitments	% of Compact Commitments	Cumulative Disbursements	% of Commitments Disbursed	% of Compact Disbursed	Commitments Oct '12 to Sep '13	Targets Oct '12 to Sep '13	Performance against Targets	Disbursements Oct '12 to Sep '13	Targets Oct '12 to Sep '13	Performance against Targets
	Compact Information				Cumulative Progress					Year-to-date Performance					
Malawi	Sep-13	59	2%	350.7	2.8	1%	1.7	62%	0%	1.7	7.0	24%	1.7	6.0	29%
Zambia	Nov-13	60	0%	354.8	14.4	4%	10.6	74%	3%	11.6	4.6	254%	9.3	13.0	71%
Georgia II	TBD	60	0%	140.0	-	0%	-	0%	0%	-	-	N/A	-	-	N/A
Grand Total				9,221.2	7,147.1	78%	5,847.9	82%	63%	1,113.9	1,150.2	97%	1,395.76	1,702.19	82%

Estimating Compact Beneficiaries and Benefits

Under MCC's results framework, beneficiaries are defined as an individual and all members of his or her household who will experience an income gain as a result of MCC interventions. We consider that the entire household will benefit from the income gain and beneficiary counts are multiplied by the average household size in the area or country. The beneficiary standard makes a distinction between individuals participating in a project and individuals expected to increase their income as a result of the project. Before signing a compact, MCC estimates the expected long-term income gains through a rigorous benefit-cost analysis. MCC may reassess and modify its beneficiary estimates and/or the present value of benefits when project designs change during implementation.

Projected Beneficiaries and Income Benefits by Compact^{1,2,3}

Compact	Estimated Number of Beneficiaries	Estimated Long-Term Income Gain Over the Life of the Project (PV of 4	Benefit/Cost Ratio⁵	Status of Compact
Armenia	426,000	\$295,500,000	1.7	Completed
Benin	14,059,000	\$409,600,000	1.8	Completed
Burkina Faso	1,181,000	\$151,000,000	0.4	In Implementation
Cabo Verde I	385,000	\$149,500,000	1.8	Completed
Cabo Verde II	604,000	\$148,200,000	1.6	In Implementation
El Salvador	706,000	\$366,700,000	1.0	Completed
Georgia	143,000	\$301,300,000	1.0	Completed
Ghana	1,217,000	\$690,300,000	1.7	Completed
Honduras	1,705,000	\$237,300,000	1.5	Completed
6	2,900,000	\$136,600,000	1.5	in Implementation
Jordan	3,657,000	\$800,300,000	4.1	In Implementation
Lesotho	1,041,000	\$376,000,000	1.5	Completed

Compact	Estimate d Number of Benefi ciaries	Estimate d Long- Term Income Gain Over the Life of the Project (PV of 4	Benefit/ Cost Ratio⁵	Status of Compact
Madagas car	480,000	\$123,200, 000	1.7	Terminat ed ⁷
Malawi	983,000	\$567,200 ,000	2.4	In Implem entation
Mali	2,837,00 0	\$393,600 ,000	1.2	Terminat ed ⁷
Moldova	414,000	\$259,900 ,000	1.5	In Implem entation
Mongolia	2,058,00 0	\$314,800, 000	1.7	Complete d
Morocco	1,695,000	\$805,40 0,000	1.6	Complete d
Mozambi que	3,325,00 0	\$542,300 ,000	1.5	Complete d
Namibia	1,063,00 0	\$240,500 ,000	1.1	In Implem entation
Nicaragu a	119,000	\$83,500, 000	1.0	Complete d
Philippine s	125,822,0 00	\$483,300 ,000	1.6	In Implem entation
Senegal	1,660,00 0	\$625,000 ,000	1.6	In Implem entation
Tanzania	5,425,00 0	\$1,335,80 0,000	2.6	Complete d
Vanuatu	39,000	\$73,800, 000	1.4	Complete d

Compact	Estimated Number of Beneficiaries	Estimated Long-Term Income Gain Over the Life of the Project (PV of	Benefit/Cost Ratio ⁵	Status of Compact
		4		
Total for All Compacts⁸	173,945,000	\$9,910,600,000	1.6	

1. The table includes estimates for compacts that have entered into force and have economic rates of return (ERRs) from which income benefit calculations can be drawn. The Benin II, Georgia II, Ghana II, and Zambia compacts had not yet entered into force by the end of the fiscal year.
2. These estimates do not include the projected beneficiaries of projects or activities that have been terminated or suspended by MCC (Honduras, Nicaragua and Armenia).
3. Two compacts have been terminated, Madagascar and Mali. Madagascar's estimates reflect the early termination while Mali's do not.
4. The present value (PV) of benefits is the sum of all projected benefits accruing over the life of the project, typically 20 years, evaluated at a 10 percent discount rate. Estimates are reported in millions of U.S. dollars in the year that the ERR analysis was completed. Because the PV of benefits uses a discount rate, these figures cannot be compared directly to the undiscounted financial costs of MCC compacts, but must be compared to the PV of costs instead.
5. The benefit/cost ratio is calculated by dividing the PV of benefits by the PV of costs. The PV of costs is the sum of all projected compact costs evaluated at a 10 percent discount rate.
6. Beneficiary and benefit figures for Indonesia are currently available for only one of three activities.
7. This refers to an early termination of the compact due to an undemocratic change in government that is contrary to MCC's eligibility.
8. Column totals may not equal the sum of the individual rows due to rounding.

MCC's Threshold Program

First-Generation Threshold Program

The first generation of individual country programs was designed to be short-term and targeted to assisting countries improve performance on MCC's eligibility indicators. An internal review of lessons learned, supplemented by consultations with a broad range of external stakeholders and USAID, which worked in partnership with MCC to implement the first-generation Threshold Program, inspired the

redesigned second-generation Threshold Program.

- Provided \$495 million in grants to 21 countries worldwide for Threshold Programs focused on ruling justly, investing in people and economic freedom.
- Of the 21 Threshold Program countries, 10 have been selected as compact eligible: Eight countries (Burkina Faso, Indonesia, Jordan, Malawi, Moldova, Philippines, Tanzania, Zambia) signed compacts and two countries (Liberia, Niger) are developing compacts, while currently working to complete certain parts of their respective Threshold Programs.
- Timor-Leste is currently implementing a Threshold Program.

Second-Generation Threshold Program

MCC crafted the second-generation Threshold Program to include a program design based on deeper diagnostic, feasibility and cost-effectiveness analyses and a targeted policy focus on easing binding and institutional constraints to economic growth in a country. The second-generation Threshold Program also includes an increased level of country ownership, monitoring and evaluation and MCC oversight of the diagnostic, design and implementation processes.

- \$15.6 million Honduras Threshold Program approved March 14, 2013, and signed August 28, 2013.
- Threshold Programs in development with the following eligible countries: Guatemala, Nepal and Tunisia.









Practicing our Values







By **embracing collaboration and respecting individuals and ideas**, MCC is investing in programs that work to put the poor in partner countries on a path to higher incomes and greater economic growth.

Partnering for Implementation

True to our principle of country-owned and country-led development, MCC asks partner countries to take the lead in implementing their compacts. To do this, each MCC partner country establishes a local entity, known as a Millennium Challenge Account (MCA), to manage the responsibilities of compact implementation. Active MCAs during fiscal year 2013 in partner countries—which have officially started, are completing or have finished their respective five-year timelines for compact implementation—included:

MCA Accountable Entities

	Country	MCA Name	Website
	Burkina Faso	MCA-Burkina Faso	www.mcaburkina.org
	Cabo Verde	MCA-Cabo Verde	www.mca.cv
	Indonesia	MCA-Indonesia	www.mca-indonesia.go.id
	Jordan	MCA-Jordan	www.mca-jordan.gov.jo
	Lesotho	MCA-Lesotho	www.mca.org.ls
	Malawi	MCA-Malawi	www.mca-m.gov.mw
	Moldova	MCA-Moldova	www.mca.gov.md
	Mongolia	MCA-Mongolia	www.mca.mn

	Country	MCA Name	Website
	Morocco	Agence du Partenariat pour le Progrès	www.app.ma
	Mozambique	MCA-Mozambique	www.mca.gov.mz
	Namibia	MCA-Namibia	www.mcana-mibia.org
	Philippines	MCA-Philippines	www.mcap.ph
	Senegal	MCA-Senegal	www.mcase-negal.org
	Tanzania	MCA-Tanzania	www.mca-t.go.tz

Investing in Key Sectors

Results in Agriculture and Irrigation

Spotlight: How agricultural competitiveness in Moldova advances prosperity

247,683	farmers trained
120,569	farmers who have applied improved practices as a result of training
4,008	enterprises assisted
139,280	hectares under improved irrigation
\$94.3	million in agricultural and rural loans

Results as of September 2013

No sector has been hit harder by Moldova's transition from Soviet central planning to a market economy than agriculture. Agriculture employs about 30 percent of Moldovan citizens, yet poverty has been a persistent problem for them. Poverty rates among farmers and agricultural workers reach 36 percent and 45 percent, respectively.

MCC partnered with the U.S Agency for International Development on the Agricultural Competitiveness and Enterprise Development (ACED) Project as part of Moldova's \$262 million MCC compact. This project is improving prospects for Moldovan farmers and agricultural workers as they transition the country to high-value agriculture. It is helping Moldovans develop market linkages, receive training and technical assistance to improve product quality and meet buyer requirements, upgrade the capacity of agribusinesses and associations, and improve inspection and testing capacities at border stations and within phytosanitary laboratory facilities.

For example, modernizing phytosanitary inspections (pictured) and meeting international sanitary and phytosanitary standards are first steps to increasing the access and exportability of Moldovan produce to international markets. As of January 2013, 2,294 business representatives, one-third of whom are women, received guidance and training through ACED on these post-harvest techniques that are making Moldovan produce more competitive in meeting consumer demand across borders.



Results in Roads

Spotlight: How a road in Tanzania advances prosperity

4,649	kilometers of roads under design
3,939	kilometers of roads under works contracts
2,255	kilometers of roads completed

Results as of September 2013

Issa Ali (second from right) has ridden the local bus almost every day for the past seven years. His five-hour journey takes him from Tanga in northeastern Tanzania to the Tanzania-Kenya border crossing at Horohoro and the western stop in Mwakijembe. At each stop, Ali collects fares and packs luggage in the cargo hold.

It wasn't always an easy ride.

"The road was so bad," said Ali, 31. "We frequently broke down. The tires would pop. Now, that doesn't happen."

That's because MCC, as part of our \$698 million compact with Tanzania, improved this vital stretch of road by widening and paving 65 kilometers. Safety curbs were added to protect walkers and bicyclists. Eleven bridges received upgrades, and six cantilever walkways were installed.

The upgrade means that an asphalt-paved highway route now exists between Dar es Salaam and the port of Mombasa, Kenya. Traffic has already increased fivefold along the road, from about 200 to 1,000 cars each day as of late 2012.

The new road should particularly benefit the region's farmers. Much of the fruit grown near Ali's home in Tanga—mostly pineapples, passion fruit, oranges, and mangoes—travels to markets through Mombasa's port.



Results in Land

Spotlight: How mapping land in Burkina Faso advances prosperity

79

legal and regulatory reforms adopted

27,022

stakeholders trained

220,883

parcels corrected or incorporated into an official land information system

187,003

household land rights formalized

Results as of September 2013

Until now, a lack of land property rights caused conflicts and eliminated the incentive for farmers and businessmen in Burkina Faso to invest in their land and its productivity. This caused missed opportunities for economic growth and poverty reduction.

For Burkina Faso, the challenges of producing geographic information to identify boundaries make it hard to clarify land rights. MCC's \$481 million compact with Burkina Faso includes the \$59.9 million Rural Land Governance Project, aimed at improving land management and land-tenure security. As part of the project, MCC is creating a national geographic positioning network made up of nine Continuously Operating Reference Stations (CORS), which capture positioning data from the global satellite system and enhance its accuracy on the ground.

Networked together, the nine CORS (pictured) allow land users to secure more accurate descriptions of their legal rights and the position of their holdings, as well as reduce boundary disputes resulting from the localized mapping systems Burkina Faso previously used.

With its CORS network, Burkina Faso can now complete the mapping and surveying required for the future development of roads and other public infrastructure.



Results in Water Supply, Sanitation and Hygiene

Spotlight: How water in Mozambique advances prosperity

\$48.2	million in signed water and sanitation feasibility and design contracts
11,754	persons trained in hygiene and sanitary best practices
1,138	water points constructed

Results as of September 2013

Zainabo OrdenanÃ§a, a farmer and mother, spent much of her time traveling to and from the river to fetch untreated water for her farm and her children. In Mecupes, a rural district of Mozambique's Napula province, clean water was not readily available for OrdenanÃ§a and her neighbors. That was before MCC and the Government of Mozambique partnered to install a hand-powered water pump (pictured).

"Life here has improved," OrdenanÃ§a said, "and it is because we have this gift of clean water."

Mecupes is one of 600 villages to receive access to clean water as part of MCC's \$507 million compact with Mozambique. Access to a hand-powered pump, as well as a nearby washing basin and latrines, has impacted every aspect of life for the 1,900 residents of Mecupes.

Mothers such as OrdenanÃ§a no longer worry about their children dying of cholera. For two years now, there have been no incidences of cholera in Mecupes. Water access has also upgraded local irrigation practices, raising the productivity of farmers. Some beneficiaries are using the extra income from increased farm production to start or expand small businesses, setting the stage for further economic growth in Mozambique.



Results in Education

Spotlight: How training in Morocco advances prosperity

715	educational facilities constructed or rehabilitated
2,790	instructors trained
211,127	students participating in MCC-supported education activities
24,305	graduates from MCC-supported education activities
176	employed graduates of MCC-supported education activities

Results as of September 2013

Chaimae and Nouhaila Salfi (pictured) know shoes. Inspired by their favorite brand, Bata, the sisters intend to make high-end shoes that men across the globe will want to own.

To reach their goal, the sisters enrolled in a leatherwork course at the artisan school in Fez, Morocco. They are able to attend vocational training through the Artisan and Fez Medina Project, part of MCC's \$698 million compact with Morocco. This project financed training at 15 residential training institutions and 23 other training centers in five artisan crafts: carpentry, ironwork, ceramics, leather, and textiles. Almost 23,000 people are expected to receive professional training in design and production techniques, workplace safety and marketing or commercialization skills. This is equipping aspiring artisans with the know-how to work and succeed in the modern economy with traditional handicrafts.

In Fez, the Salfi sisters are learning to strike a balance between comfort and fashion, spending hours at the drafting board dreaming up the perfect footwear. Chaimae, 20, wants to work at a big shoe firm, starting in design and making her way up to executive management. Nouhaila, 15, doesn't have plans as detailed as her sister, but she definitely wants to design men's shoes. "Before he died, our father told us he wanted us to succeed," Chaimae said. "I want him to be proud of us."



Results in Energy

Spotlight: How clean energy in Mongolia advances prosperity

\$153.6 million in signed energy infrastructure construction contracts
 4,309 kilometers of lines completed

Results as of September 2013

Over the past decade, air pollution in the capital of Mongolia has been a growing problem—so much so that Ulaanbaatar now has the second-highest level of air pollution in the world. The Government of Mongolia and MCC partnered to provide Mongolians with greater access to green technologies that help reduce air pollution and cut energy costs.

Through their \$285 million compact with MCC, Mongolians invested in a healthier future of clean, renewable energy through the Energy and Environment Project. This initiative supported the consumer purchase of more than 90,000 stoves (like the one pictured) and 25,000 other energy-efficient appliances in Ulaanbaatar. The project also funded small grants for greening and air quality research. Ensuring a sustainable power supply in Mongolia also means constructing a wind farm on Salkhit Mountain. MCC is funding the connection of this clean energy source to Mongolia's electrical grid and updating existing power stations. Investments like these are helping to clean the air in Ulaanbaatar and solve the long-term problem of air pollution, safeguarding a sustainable environment in Mongolia.



Celebrating Compact Completions

During fiscal year 2013, MCC completed compacts with Lesotho, Mongolia, Morocco, Mozambique, and Tanzania. This is the largest number of compacts to close in one fiscal year. MCC's combined investment of more than \$2.5 billion in these five countries built roads to markets, expanded access to clean water and sanitation, generated greater energy security, and improved health and education. To reinforce the value of our investments and ensure their sustainability, major policy and institutional reforms accompanied specific projects. Accounting for nearly half of MCC's total portfolio under management, investments in these five countries are expected to benefit 12 million people. Highlights from the largest set of outputs to materialize at one time include:

Lesotho

Policy reforms

MCC supported the passage of the Legal Capacity of Married Persons Act that removed the minority status of married women and protects several new rights for them, including the right to enter into contracts, register immovable property in their name and act as a company director.

Health

By building or rehabilitating 138 health centers, 14 hospital outpatient departments, a new blood transfusion center, a central laboratory, and residences for students at the National Health Training College, the MCC-funded compact strengthened Lesotho's health care system.

Water and sanitation

MCC extended and rehabilitated 143.7 kilometers of pipe in the urban and peri-urban water network (out of an existing total of 173.67 kilometers), and 30,000 households across the country will receive ventilated improved pit latrines. The construction and rehabilitation of reservoirs, pump stations, treatment plants, and reticulation are expected to improve access to potable drinking water for more than 124,000 people in urban and peri-urban areas. Close to 113,000 people in rural areas are also expected to benefit from improved water infrastructure.

Land rights

As of December 2012, more than 8,500 women hold titles to land, compared to 3,200 before the compact's start. Mortgages have doubled because the Land Act and new Land Administration Authority have streamlined legislation and procedures.

Mongolia

Policy reforms

The passage of the technical vocational education and training (TVET) law in 2009 puts in place a framework for a modern TVET system, fostering institutional mechanisms for a more demand-driven and private sector engaged TVET system.

Health

15,604 health staff (72 percent of whom are women) and 565 school teachers were trained in non-communicable disease and injury.

Workforce development

A total of 18 schools received the latest technology in training equipment for priority trades, including heavy machinery operation, lathe milling, electricity, electronics, plumbing, welding, and heating and cooling.

Land rights

MCC established a new system for rangeland management around cities, provided 15-year land leases to 387 herder groups that include 1,315 households, installed wells on 311 parcels and trained the herder groups on sustainable pasture use and livestock productivity. Fifteen land administration and service offices have been established or upgraded.

Infrastructure

176 kilometers of road were rehabilitated that will connect the country's north and south for the first time, stretching from Russia to China.

Energy

MCC funded product testing, the establishment of a new distribution channel and limited subsidies to support consumer purchases of new energy-efficient products. This resulted in sales of 97,786 solid fuel stoves, as well as insulation, vestibules and 98 energy-efficient homes.

Morocco

Policy reforms

Wholesale fish sellers previously operated like a monopoly, and rights to wholesale fish buying and selling were generally hereditary. After consulting with producers and consumers in the fisheries market, the Moroccan Parliament enacted new regulations ensuring open and competitive markets. The change is incentivizing growth in wholesale fish commerce.

Agricultural productivity

60,086 hectares of annual cereal crops have been converted into olive and almond trees, leading to an increased and stable income for 40,000 farmer households. More than 23,000 adult farmers and more than 7,600 youth farmers have been trained on improved agricultural practices.

Fisheries

More than 16,500 fishers received training to enhance their practices, and 623 mobile fish vendors received heavy-duty, three-wheeled motorbikes with insulated ice chests to preserve the quality of their fish to maximize sales.

Artisans

2,332 artisan potters were trained in improved production techniques.

Workforce development

More than 11,000 farmers, artisans and fishers—77 percent of whom are women—graduated from the functional literacy program where they developed professional skills and improved their employment prospects.

Mozambique

Policy reforms

MCC partnered with the World Bank to launch the Administra  o de Infraestruturas de  gua e Saneamento (AIAS), a new institution to manage water supply and sanitation assets in Mozambican cities with a population between 50,000 and 150,000. With the creation of AIAS, Mozambicans are better positioned to meet consumer demand in small- and medium-sized cities.

Water and sanitation

In addition to rehabilitating the Nacala Dam and constructing water treatment facilities in Nampula, more than 600 communities now have improved water access through the construction of 611 water access points with hand pumps. This provides women, often the primary water gatherers, more time for child care, education and income-generating activities, and improved health and sanitation conditions reduce water-borne diseases like cholera. 8,484 people were trained in hygiene and sanitary best practices.

Agricultural productivity

8,000 hectares with diseased or dead palm trees have been cleared in the endemic zone to prevent the continued spread of the Coconut Lethal Yellowing Disease. In addition, 782,609 coconut seedlings were planted and 28,830 farmers trained in post-planting management of coconuts to ensure the survival rate of new coconut seedlings.

Land rights

9,456 rural and 144,522 urban landholders (or a total of 153,978 landholders) in four northern provinces received formalized land rights.

Infrastructure

Rehabilitation is underway of 253 kilometers of key segments of National Route 1.

Tanzania

Policy reforms

Together with other donors, MCC pushed for the creation of an effective National Road Safety Policy. The new policy is expected to create a Road Safety Board with sufficient autonomy and funding to effectively push for greater road safety. The World Bank has agreed to fund additional road safety programs over the next three to five years.

Water and sanitation

MCC is assisting local authorities to increase the volume and quality of water to Morogoro. Once the Morogoro water plants have been upgraded, the Mafiga and Mambogo plants are expected to produce 33 million liters of water per day.

Infrastructure

65.14 kilometers of roads have been upgraded in mainland Tanzania, and 100 percent of the runway surfacing at the Mafia Island airport has been completed.

Energy

MCC installed a new 24-kilometer submarine cable between the mainland and Zanzibar and constructed more than 40 kilometers of distribution lines on the island in order to improve access to electricity and attract outside investment. Thanks to MCC's investment, the power utility can provide 100 megawatts for the island and handle up to 250,000 customers, almost double the current number. In all, MCC constructed more than 2,300 kilometers of transmission and distribution lines in mainland Tanzania.

Integrating Core Practices

Across investments in all sectors, MCC continued to refine how we integrate certain key practices. These focused on:

Private Investment

From our creation, MCC has viewed the private sector as the engine of sustainable economic growth.

That is why we have worked to structure the programs we fund to attract, increase and sustain private investment. MCC's Finance, Investment and Trade (FIT) team continued to develop and implement the investment opportunity process for countries eligible for compact and threshold program funding. This framework and set of tools support partner countries in their work to analyze and engage around business environments, infrastructure public-private partnerships and productive sectors. The process helps our partners identify when, where and how they can engage the private sector on potential projects and ensures that the views, needs and opportunities of business inform programs.

Gender Equality

Empowering women as full participants in the economy, who can generate income and drive productivity and growth, is vital for sustainable development. Recognizing this reality, MCC continued to strengthen its operational commitment to gender equality and social inclusion. An initial social and gender assessment (ISGA) is now conducted at the beginning of the compact development process to provide information on the country-specific social context and on the links among social inequality, poverty reduction and economic growth. The ISGA both complements and contributes directly to the constraints to economic growth analysis. It examines how cultural beliefs and preferences, social norms and practices, formal and informal institutions, and legal and policy frameworks affect constraints to growth and the ability of particular social groups to participate in and benefit from growth-focused investments.

Environmental and Social Performance

MCC continued to build on the momentum created last year when we amended our environmental guidelines to formally adopt the International Finance Corporation's Performance Standards on Environmental and Social Sustainability. These standards provide a comprehensive and internationally recognized framework for managing environmental and social risks and establishing standards to protect the environment and people affected by the projects MCC funds. By requiring compact projects to be designed and implemented in a manner consistent with these standards, we help our partner countries optimize project performance, enhance development outcomes, contribute to project sustainability, and ensure that our investments are environmentally and socially sound. Specifically, MCC's integrated approach to environmental and social performance starts with the early engagement of our partner countries to support their efforts to develop their compact proposal. It continues throughout project selection, design, implementation, and closure. We work closely with our counterparts to identify environmental and social risks and opportunities early in the process, which regularly leads to better project planning, management and results. Among MCC's partner countries, our work has strengthened government systems for environmental compliance, encouraged more efficient use and management of natural resources and contributed to an improved culture of worker health and safety.

Climate Change

Climate changes pose potential risks to the economic development of many MCC partner countries and can adversely impact the effectiveness and sustainability of MCC investments. MCC is helping several of our partner countries implement cost-effective and economically viable measures to address the risks of climate change and adopt less carbon-intensive growth strategies. These efforts enhance development

outcomes, improve the environmental and social performance of MCC compacts and support President Obama's international commitments on climate change. These efforts are particularly evident in Indonesia, where in 2013 MCC launched the \$332 million Green Prosperity Project to help one of the world's largest greenhouse gas emitters reduce poverty through investments in renewable energy, improved agricultural practices, enhanced stewardship of forests, and more inclusive and transparent land use planning.

"In Indonesia, the Millennium Challenge Corporation is funding a five-year "Green Prosperity" program that supports environmentally sustainable, low carbon economic development in select districts." The President's Climate Action Plan, Executive Office of the President, June 2013

Where Values and Interests Meet: In Partnerships with Benefits for All

U.S. development dollars through MCC are delivering real value by maximizing cost-effective, strategic leveraging opportunities with an array of partners. We are cementing efficiencies by looking for ways to leverage our own comparative advantages and those of others in the private sector, across the U.S. Government and throughout the donor community. During this past fiscal year, shared values and interests built coalitions for reform and results. Read how.

Partnering with the Private Sector

Promoting our Interests

“... Difficult budget times at home and times of challenge overseas ... require[s] new and creative partnerships. We have to leverage private sector leadership more dramatically than at any time in our history. We need a new collaboration that reaches beyond government to include business and civil society groups working together to promote economic growth.”

Secretary of State and Chair of MCC’s Board of Directors John Kerry,
Press Statement at Meeting with Partners for a New Beginning,
May 3, 2013

In our interdependent global economy, prosperity is shared. So helping the world’s poor means not only jumpstarting local private sector activity but also helping the U.S. economy. Investing in the markets of tomorrow creates new investment and business opportunities for local and regional trade as well as American companies. MCC is paying it forward by creating enabling environments throughout the developing world where private enterprise flourishes and the American private sector can partner, compete, succeed, and bring key benefits—like jobs—back home. See how the private sector worked with MCC during this past fiscal year:

- In June 2013, **General Electric** signed a memorandum of understanding with the Government of Ghana to construct a 1,000-megawatt power generation plant. MCC’s ongoing support for a strong policy and regulatory framework for Ghana’s power sector, as part of efforts to develop the country’s proposed second compact, played a key role in GE’s confidence to invest in this particular sector.
- Working with MCA-Namibia and the Government of Namibia, **Microsoft** is using radio spectrum technology powered by solar energy to connect 23 remote Namibian schools to the Internet for the first time as part of the compact-funded education project. Microsoft agreed to provide technical support and funding after Namibia’s MCC compact ends.
- In March 2013, MCC announced a partnership with **The Coca-Cola Africa Foundation** to expand access to clean water and sanitation in Africa, starting in water-scarce Cabo Verde. Part of MCC’s \$66 million compact with Cabo Verde is implementing crucial water sector reforms, investing in key infrastructure to expand access to clean water and sanitation and establishing a

financially sound, transparent and accountable institutional basis for the delivery of water and sanitation services to Cabo Verdean households and businesses. The Coca-Cola Africa Foundation has pledged, through the Replenish Africa Initiative, to significantly invest alongside MCC's effort in order to help up to 20,000 low-income and female-headed households gain access to the water network, providing proper sanitation as well as hygiene education for thousands of people. MCA-Cabo Verde is coordinating with Cavibel, the local Coca-Cola bottler, to maximize the impact of the partnership. More reliable and higher-quality water for Cavibel provides the potential for a better bottom line for Coca-Cola while also benefiting Cabo Verdeans.

Power Africa, the Private Sector and MCC

During his trip to Senegal, South Africa and Tanzania in late June and early July 2013, President Obama unveiled Power Africa, an initiative to double access to power in sub-Saharan Africa. Partnering first with the African countries of Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania, Power Africa draws from a wide range of U.S. Government tools, including MCC, to support investment in Africa's energy sector. From policy and regulatory best practices, to pre-feasibility support and capacity building, to long-term financing, insurance, guarantees, credit enhancements, and technical assistance, Power Africa will provide coordinated support to help African partners expand their generation capacity and access. The initiative is expected to add more than 10,000 megawatts of cleaner, more efficient electricity generation capacity. It will increase electricity access by at least 20 million new households and commercial entities with on-grid, mini-grid and off-grid solutions. And it will enhance energy resource management capabilities, allowing partner countries to meet their critical energy needs and achieve greater energy security.

Ultimately, realizing Power Africa's promise will rely on leveraging private sector investments. MCC can provide a tried and tested framework and operational model to achieve Power Africa objectives. This is particularly true for MCC compact countries, including Ghana, Liberia and Tanzania, which are participating in the Power Africa initiative. MCC is coordinating with USAID and other U.S. Government agencies as it develops new compacts in these countries to help leverage private capital for transactions while helping partner countries undertake the necessary policy reforms and capacity building to support the transactions on a financially sustainable and fiscally sound basis. MCC's deep and long-term engagements, and country-driven business model, provide an excellent platform for other U.S. Government agencies to make available their products and services in support of Power Africa transactions and programs. Several U.S. private sector groups, including General Electric and Symbion Power, are working alongside MCC in the three Power Africa MCC compact countries to prepare investment proposals that will substantially boost the supply of power and establish the countries as investment destinations for other investors.

Excerpts from Conversations with Industry

MCC helped Pike Electric first expand its business into Africa when the North Carolina-based company competitively won a contract as part of the Energy Sector Project in Tanzania's compact, which closed in September 2013. Pike is planning to continue investing in the fast-growing East African power sector.

Here's some of what chairman and CEO J. Eric Pike had to say about the company's future.

Can you explain a bit about the work Pike performed in Tanzania?

Pike built out approximately 800 kilometers of distribution lines: 400 kilometers of medium-voltage and 400 kilometers of low-voltage lines. Pike erected an estimated 4,000 medium-voltage poles and about 8,000 low-voltage poles. There were 84 distribution transformers (substations) on the project. This project ran through 84 villages, each served by the 84 distribution transformers that Pike installed.

Was your work on the Tanzania Compact your first investment in sub-Saharan Africa? If so, why did you decide to make the investment?

With the recession in 2010, projects in the electrical sector in the United States were limited, so we sought out opportunities elsewhere.

Will Pike consider future investment in Africa?

Absolutely. We are currently looking at several upcoming MCC projects.

Did Pike's investment in Tanzania help create jobs back in the United States?

Initially, with the recession in 2010 and the depressed economy, it saved several jobs. Also, with our first taste of international project success, it will add jobs as we pursue other opportunities abroad.

Combustion Associates, Inc. (CAI) is a California-based manufacturing company that builds and installs power generation systems worldwide. In 2007, CAI won a contract to install an 80-megawatt power plant in Benin, a country that completed a \$307 million MCC compact. CAI shipped its equipment through the Port of Cotonou, which the compact modernized and expanded. CAI owner Kusum Kavia talks about her experiences in Benin.

Why did you choose to compete for a contract in Benin?

Our focus has always been on Africa, particularly West Africa. West Africa has natural gas and oil, and the reason the Government of Benin was putting out the contract was because the West Africa natural gas pipeline was coming into their country. Benin looked at this free supply of natural gas and decided to use it to supply power for the citizens and enable the infrastructure to develop. It attracted us because our power plants run on natural gas and liquid fuel, so when the government put out the [request for quotation], we bid on it because of that. The Government of Benin liked our proposal because we would use local labor and create jobs, provide training on how to operate the power plant and help the country's economic development.

Did the improvements to the Port of Cotonou encourage you to invest more in the region?

Absolutely. The U.S. ambassador invited our staff to the embassy and asked us to speak to other American companies about our successes. The port will come in handy for doing business with the region's landlocked countries. We're looking at installing a 120-megawatt power plant in Mauritania. It would be the Port of Cotonou that we'd bring everything through. We will see more growth because that infrastructure is already in place.

Have MCC's investments in Benin allowed CAI to expand its business and hire new employees?

Yes. We're hiring staff. We just added two senior project engineers, and we're looking to extend our sales and marketing department. We're also looking for agent distributor agreements so we have in-country representation. We're getting ready for those key markets. We see a ramp-up in business and jobs added because of MCC's work there.

Practicing our Values

By **embracing collaboration** and **practicing excellence**, MCC recognizes the power of partnerships to maximize benefits and sustain impact for global development.

Partnering throughout the U.S. Government

In an increasingly constrained fiscal environment, it is more important than ever that U.S. Government agencies, including MCC, work together to avoid duplication and achieve results that would otherwise not be possible working alone. Success includes:

- **USAID:** In Jordan, MCC and USAID are collaborating on a feasibility study of bio-solid and sludge at the As-Samra Wastewater Treatment Plant. The study will examine ongoing stockpiling of dried sludge and bio-solids at the plant, and develop short- and long-term solutions for proper use and disposal, including reuse in agriculture and land application. The results will assist the Government of Jordan in establishing a reuse strategy and develop related standards and guidelines. In Moldova, USAID and MCC are collaborating on the implementation of the Growing High-Value Sales Activity, part of the MCC-funded Transition to High-Value Agriculture Project. This activity aims to expand market opportunities for Moldovan high-value agriculture, upgrade production and ability to meet buyer requirements, provide demand-driven technical assistance to actors across the high-value agriculture chain, and strengthen the sanitary and phytosanitary capacity of the Government of Moldova.
- **U.S. Water Partnership:** In November 2012, MCC joined the U.S. Water Partnership to tackle global water challenges. As a lead partner, MCC provided executive resources and played a key role in the partnership's startup. Since then, 18 other U.S. Government agencies and 42 private or civil society entities have joined to promote sustainable water management for people and the environment. This involves improving access to and quality of water service, sanitation and hygiene; advancing integrated water resource management; increasing efficiency and productivity of water use; and strengthening governance with effective institutions, policies and processes.
- **Partnership for Growth:** The Partnership for Growth creates a mature economic dialogue between the United States and a select group of high-performing developing countries, namely El Salvador, Ghana, the Philippines, and Tanzania. The goal is to tackle the most acute constraints to private investment and economic growth through policy and institutional reform, private sector engagement and other efforts that draw on the full range of capabilities available within the U.S. Government. In Ghana and Tanzania, MCC worked with USAID, the State Department, the Treasury Department, the Overseas Private Investment Corporation, the Export-Import Bank of the United States, and the U.S. Trade and Development Agency to support cost-reflective tariffs, loss reduction, private sector partnerships, and other key power sector reforms. In El Salvador, MCC worked with USAID, the State Department, the Commerce Department, and other agencies to promote a public-private partnership bill that was enacted into law despite significant obstacles. In the Philippines, the MCC compact supports a whole-of-government effort to modernize tax administration to boost funds for such key needs as health, education and infrastructure. Early results have been positive, including an increase in tax collection and improved efficiency in revenue operations in the Philippines. MCC efforts in all four countries benefited from information-sharing, coordination and planning with other U.S. Government agencies.
- **Feed the Future:** In 2013, MCC continued to actively support Feed the Future, the Obama

Administration's global food security initiative that is led by USAID. Our agriculture investments in Burkina Faso, Moldova, Mongolia, Morocco, Mozambique, Namibia, the Philippines, Senegal, and Tanzania are addressing some of the determining factors of food insecurity in these countries, while generating outcomes that align with Feed the Future's high-level agriculture sector growth and nutrition objectives. In addition, we champion efforts to rigorously test our investment effectiveness and push ourselves to do our business of investment in agriculture and food security better. For example, MCC along with USAID, the United Kingdom Department for International Development, the International Fund for Agricultural Development, the Food and Agriculture Organization of the United Nations, the United Nations World Food Programme, the World Bank, the Organisation for Economic Co-operation and Development, the Bill & Melinda Gates Foundation, and other development partners working in the area of food security joined together in an effort to harmonize and align monitoring and evaluation activities and agendas to more rigorously support evidence-based learning. As part of that harmonization and alignment effort, the group developed a collaborative Food Security Learning Framework to be used to guide scarce evaluation dollars to answer critical questions and generate a body of knowledge to improve the design and management of interventions in agriculture, economic growth and nutrition.

A Coordinated Commitment: Supporting Africa's Economic Growth

On March 29, 2013, MCC hosted President Ernest Bai Koroma of Sierra Leone, President Macky Sall of Senegal, President Joyce Banda of Malawi, and Prime Minister José Maria Pereira Neves of Cabo Verde for an intimate and productive discussion with several other U.S. Government agencies on how to increase opportunities for economic growth, trade and investment throughout Africa. The dialogue focused on ways to enhance two-way trade and investment as well as regional economic integration to spur business and investment in Cabo Verde, Malawi, Senegal, and Sierra Leone. MCC continues to play a key role in leveraging the full complement of U.S. Government efforts and tools to advance the homegrown strategies of our African partners to strengthen their democratic institutions, stem corruption, promote private sector involvement, and contribute to the fight against poverty.

Partnering with other Donors

Working with other donors, including partner countries, has helped build up, amplify and further sustain MCC's development efforts worldwide. For example:

- In developing the Honduras Threshold Program, MCC worked with two partners—the **World Bank's Public-Private Infrastructure Advisory Facility** and the **International Finance Corporation**—to review the infrastructure priorities that the government hopes to deliver through public-private partnerships. MCC asked both development partners to conduct project scoping exercises and identify next steps in designing a program for possible MCC support. This work is underway.
- In May 2013, MCC signed a memorandum of understanding with the **World Bank** and **Ghana's Millennium Development Authority (MiDA)** to provide professional-level curriculum and

modules to the World Bank for use in education programs to help strengthen public procurement around the world. Strengthening accountability and administrative functions as they relate to government spending is critical for reducing poverty through economic growth. The MCC, MiDA and World Bank collaboration formalized learning in public procurement, promoted procurement professionalization and expanded on already successful programs initially implemented through the World Bank in Liberia and through Ghana's MCC compact. That compact's Procurement Capacity Activity built capacity and educated civil servants and students on international procurement standards. The curriculum and modules developed under the program were a new national approach to formal procurement education for Ghana's civil service. Five institutions of higher learning took part in the activity, which trained almost 300 procurement personnel and students and placed 1,250 students in procurement internships at government offices.

- MCC and other **U.S. Government** partners are collaborating with the **Government of Burkina Faso** to help the poor, rural population who depend on access to land for food and income-generating activities. This partnership, part of the **G-8 Transparency Initiative**, was announced in June 2013, and builds upon MCC's \$59 million Rural Land Governance Project, our largest and perhaps most ambitious land and property rights project to date in a compact. The partners will work together to meet two key objectives over the next six years: establishing and operating a national "land observatory"—an institution for monitoring progress on land governance and promoting information sharing—and building capacity for tracking land transactions and increasing their transparency.
- In the Philippines, the MCA is supporting significant tax reform, with an aim to increase tax revenues and reduce corruption. As part of the compact with the Philippines, MCA is financing technical assistance from the **International Monetary Fund**, which has placed a full-time advisor at the Bureau of Internal Revenue. This is the first time a U.S. Government agency has worked directly with the International Monetary Fund's Institute for Capacity Development.
- In Indonesia, the MCA is contributing to a multi-donor trust fund managed by the **World Bank**. MCA's contribution will introduce a nutrition component to an ongoing community-driven development program. The project aims to reduce childhood stunting by creating both an increased supply and demand for nutrition services.

Where Values and Interests Meet: In Advancing the Fight Against Global Poverty

Promoting our Interests

“There’s been a debate about pure development—just develop this thing and whatever comes, comes—versus policy and leverage and the other components of this. I get it. What I want to do is work with [USAID] in the smartest way we can together to get the best return on this investment for the American taxpayer that we can get, the most accountable, the most transparent, the most efficient. And in doing so, we are going to advance America’s interests in a way that serves every citizen and all of our interests.”

Secretary of State and Chair of MCC’s Board of Directors John Kerry, Remarks at USAID Headquarters, February 15, 2013

Advancing the fight against global poverty means innovating the discipline of development through a culture of honest learning and adapting that embraces what works and fixes what does not work. It means challenging ourselves—and others—to think and act differently about the practices we follow. What does this involve? Being true to our values and pursuing our interests through accountability, evidence-based decision making, transparency, and a focus on sustainability.

Accountability

Given our fiduciary responsibility to invest U.S. tax dollars wisely, MCC’s commitment to accountability permeates all that we do, beginning with the selection of partner countries. These poor but well-governed countries also demonstrate their commitment to accountability by taking on the tough work of reform and capacity building to lead and sustain development efforts for the benefit of their people.

Proof of this during fiscal year 2013 included the deeper focus on MCC’s country selection system. In addition to helping our Board of Directors decide where to allocate limited funds, MCC’s selection system has long been touted for its potential to incentivize countries to strengthen institutions, pursue policy reform and improve data quality. In February 2013, two faculty members from the College of William and Mary published a paper on the reach of MCC’s policy influence. They revealed the findings of a survey of 640 MCC stakeholders, including foreign government officials, U.S. Government officials, contractors, civil society, and private sector members.

According to the paper, “Measuring the Policy Influence of the Millennium Challenge Corporation: A Survey Based Approach”; the prospect of MCC eligibility has served as an effective incentive for policy reform. In fact, 92 percent of respondents stated that MCC’s scorecards had an impact on reform efforts, ranging from “marginal impact to few important reform efforts”; to “instrumental to many

reform efforts.” Respondents identified 67 governments that undertook reforms to improve performance of their country on at least one MCC eligibility indicator.

Among respondents from candidate countries that have never received a single dollar in MCC assistance, 41 percent reported that MCC’s eligibility criteria were either “central to a few important reform efforts” or “instrumental to many important reform efforts.” Cote d’Ivoire, for example, is undertaking initiatives to stem corruption in order to become more competitive for MCC assistance.

When countries are selected and partner with MCC, our commitment to country ownership goes hand-in-hand with accountability. Country-owned development goes well beyond involving just a country’s government to also include citizens, beneficiaries, civil society organizations, and the private sector. We purposely invest in systems to build inclusive country capacity so our partners can drive their own development and hold actors accountable.

A key way of doing this is strengthening the monitoring and evaluation (M&E) capacity in our partner countries. We work closely with MCAs and implementers to make sure they comply with our rigorous M&E standards. In many countries, MCC’s focus on results is a new way of doing business, so the standard M&E budget for all compacts includes funds for M&E training. This is to ensure that project implementers learn about and are able to apply best practices in M&E during and after the compact to deliver an evidence-based accounting. Training materials on economic analysis, impact evaluation and M&E information systems have been developed for all countries. Participants from outside MCAs, like the employees of a partner country’s government, often attend many in-country trainings.

Capacity building efforts during fiscal year 2013 deepened the knowledge of M&E professionals, particularly those serving as project or sector leads. At MCC sector-specific training events on agriculture, land and human capital development, MCC emphasized problem diagnostics, program logic, monitoring, and independent evaluation. In Lesotho, for example, MCA staff and implementers attended a week-long data quality training to learn how to use monitoring data to improve project management. An M&E-focused training in Jordan included more than 30 participants from MCA-Jordan’s staff as well as employees from partner entities such as the Ministry of Water and Irrigation, the Water Authority of Jordan, the Ministry of Planning and International Cooperation, the Department of Statistics, the Government Tenders Department, and USAID.

Practicing our Values

By always learning, practicing excellence and being accountable, MCC is making notable contributions toward improving how the business of international development is conducted.

Evidence-based decision making

Given our mission to reduce poverty, MCC is committed to using independent evaluations to build a body of evidence on how our investments lead to attributable changes in outcomes, particularly household

income. What distinguishes MCC from other development agencies is our commitment to using impact evaluations to measure impacts on beneficiary household income. This is key for learning about what instruments are actually driving poverty reduction. Yet measuring changes in household income is generally difficult and challenging, particularly for beneficiary populations with multiple sources of income. MCC continues to explore alternative and improved approaches to measuring household income for ultimate impact, and standardizing this measurement across evaluations.

Toward this effort, MCC published the results of our first five impact evaluations during fiscal year 2013, revealing critical learning on how we can improve our operations and independent evaluations moving forward. For the five activities evaluated, we were very successful in meeting or exceeding our output and outcome targets according to MCA monitoring data. The average completion rate of output and outcome targets specific to the activities covered by these evaluations is: Ghana (103 percent), Armenia (103 percent), Nicaragua (112 percent), El Salvador (131 percent), and Honduras (158 percent). These five impact evaluations provide encouraging news about MCC program successes:

- In El Salvador, the evaluators found that dairy farmers doubled their farm incomes.
- In Ghana, northern region farmers' annual crop income increased significantly relative to the control group, over and above any impacts recorded in the other zones.
- In Nicaragua, project participants' farm incomes went up 15 percent to 30 percent after two to three years of project support.

In fact, these evaluations show increases in farm income in three out of the four countries where methodologically sound evaluations were possible. While MCC was successful in meeting or exceeding output and outcome targets and saw increases in farm incomes in these three countries, none of the five evaluations were able to detect changes in household income. This raises interesting questions about the theories of change embedded in the program logic for these and other farmer training programs, traditional assumptions of how program interventions lead to increased household income, as opposed to farm income, and the challenges associated with producing and measuring changes in household income. These evaluations are helping us improve the way we do business, with several major takeaways:

Cautiously monitor and rigorously test traditional approaches. In project design and implementation, we need to consider what project components may require more evidence. The first five evaluations of farmer training programs suggest two findings. First, the delivery of farmer training over longer periods of time is more effective than intensive training programs with limited duration. Second, in-kind contributions (grants and starter and incentive kits) have traditionally been considered fundamental components of farmer training programs, but they may have limited effect on the adoption of new techniques when content fails to reflect regional differences and is seasonal in use. However, because project design and implementation did not allow for variation in exposure time or application of starter-kits, the evaluations are limited in what they can tell us.

Ensure implementation is consistent with the assumptions of the program logic. When one intervention, such as irrigation, is directly linked to another intervention's theory of change, such as farmer training, properly sequencing the roll-out of the interventions is a key factor in the program logic. In Armenia, one key assumption underlying the farmer training program was that access to a reliable water source was necessary to encourage trained farmers to shift to higher-value agriculture production.

However, implementation of the irrigation construction lagged and farmer training proceeded, essentially disconnecting the two interrelated interventions. We must closely monitor construction progress of coordinated interventions and if significant delays are anticipated in connected projects, MCC must be willing to delay or halt implementation of any related project or projects. Yet MCC's five-year compacts make sequencing particularly challenging.

Ensure that the timing of the evaluation and data collection is consistent with the assumptions of the program logic. The evaluation timeline must be informed by the program logic, particularly to account for the exposure time needed for benefits to accrue. As program and evaluation implementation changes or has challenges, it is important for implementers and evaluators to communicate quickly and often to understand the possible effects of changes on the potential for producing and measuring results. If there are delays or adjustments in program design or implementation that affect program logic, or if the evaluation loses a credible counterfactual, options should be considered to delay or halt the evaluation and data collection. Although there is often significant pressure to demonstrate results quickly, sufficient exposure to treatment based on the program logic is required to measure changes in outcomes. By collecting data too early, evaluations may underestimate the impacts on outcomes or miss important lessons simply because not enough time has passed. However, balance must be struck on how long the evaluation period should be and how long the counterfactual group can be maintained.

Structure evaluations to facilitate learning, not just accountability. The first set of MCC evaluations primarily focused on measuring program effects on household income, the ultimate impact in MCC's continuum of results. These evaluations were not consistently structured to judge the effectiveness of intervention components, like the training curriculum or in-kind support, or to assess impacts on intermediate outcomes along the continuum to understand why we see what we see. While MCC will continue to use and improve evaluation methods to measure impacts on household income, future evaluations should include a structure for learning, further contributing to the body of evidence on what works, what does not work and why.

MCC's Threshold Program: Building accountability one step at a time

MCC's Threshold Program has been redesigned to assist countries to become compact eligible by challenging them to implement key policy and institutional reforms. If successfully implemented, these reforms will reduce constraints to faster economic growth and will provide MCC with critical information about the country's political will and capacity to undertake the types of reforms and investments that would have the greatest impacts in compacts.

Threshold Programs are now being developed through a structured and disciplined diagnostic and design process. This begins with a rigorous analysis of the constraints to economic growth and the policies and institutions that reinforce those constraints to growth. MCC will support government efforts at reform in these areas, which have the potential for the greatest impact on growth.

The prospect of a compact will create incentives for countries to implement the targeted reforms of the Threshold Program effectively and expeditiously, while giving MCC important insights into the country's

commitment to reform.

Honduras was the first country selected by MCC's Board of Directors as eligible for a second-generation Threshold Program. During fiscal year 2013, the \$15.6 million Threshold Program with Honduras was approved and signed. Through its MCC Threshold Program, Honduras will undertake reforms to improve government effectiveness in two areas identified as critical barriers to faster economic growth and poverty reduction: public financial management and the transparency and efficiency of public-private partnerships.

Transparency

Publish What You Fund Aid Transparency Index (2012)

MCC: Ranked first among U.S. Government agencies on transparency

Publish What You Fund Aid Transparency Index (2013)

MCC: Ranked first worldwide among 67 donors on transparency

Transparency is not just a core value for MCC, but also one that we actively put into practice as we constantly seek to make more high-quality information available to our stakeholders. The 2012 Publish What You Fund Aid Transparency Index recognized our leadership on transparency, ranking MCC first among U.S. Government agencies on transparency, and ninth among 72 donors worldwide. We improved our ranking to first place worldwide among 67 donors in the October 2013 release of the Aid Transparency Index.

Our commitment is evident in several ways:

- MCC has improved our quarterly reporting of spending and results, making full information available both on our website and on the U.S. Foreign Assistance Dashboard. Within 30 days of the close of each quarter, complete information on spending and progress toward program goals is published in various machine-readable formats and visualized on the dashboard, alongside information from other U.S. agencies engaged in foreign assistance.
- MCC is developing a new disclosure policy to provide clear guidance to staff on sharing information produced in the course of MCC business. This will ensure that the results of economic and social analyses and independent evaluations are more widely disseminated, providing a broader public good that supports economic growth and private investment in partner countries.
- In October 2012, we disclosed the results from our first set of completed impact evaluations that added to the body of evidence about what works and does not work in development. This set a new

standard for transparency, as MCC shared both successes and shortcomings of prior projects, creating a platform for learning that has informed best practices in development and improved the design of our future programs.

- We developed and launched data.mcc.gov, a new open data catalog where MCC's financial, performance and selection data are made freely available to the public in various machine-readable formats, including CSV, IATI, XML, and JSON. In the future, this data will drive automated visualizations on MCC's website, unlocking and interpreting a wealth of rich content to increase the accessibility of the information we are now providing.
- Building on our tradition of conducting rigorous independent evaluations of our programs, MCC established an evaluations data catalog in April 2013, which eventually will house all of the survey data and supporting information from independent evaluations conducted worldwide. Specifically, the catalog contains all of the information that documents and describes MCC-financed independent evaluations, including information on evaluation questions, the types of surveys conducted for the evaluation and the population of interest, questionnaires, sampling methods, and descriptive statistics for household- and individual-level data. We created a Disclosure Review Board for the purpose of reviewing data sets and ensuring MCC's data releases are consistent with legal and ethical standards. By hosting public-use datasets and statistical analyses files for replicating an independent evaluator's results or conducting separate analysis, the catalog creates another accountability check on us and our partner governments.

MCC is sharing our data because it is the right thing to do: Taxpayers in the United States and partner countries deserve to see how their public resources are being spent. They deserve to understand the impact of those public investments too. MCC is also sharing our data because it is the smart thing to do: Information and data are tremendous strategic assets for advancing learning and effectiveness. They help us enhance policies and practices to more fully contribute to economic growth, strengthen democratic institutions, improve the impact of our work, and inspire entrepreneurship, innovation and scientific discovery in the field of development and beyond.



KIN
knowledge&innovation network
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**LOCAL
FOOD
SECURITY,
GLOBAL
MARKETS**

- Market Evolution and the Transition to High-Value Agriculture
- Reducing Poverty for Small-Scale Artisanal Fishermen
- Trade in Devil's Claw and Indigenous Natural Products
- Linking Rural Land Tenure and Food Supply
- Creating Agribusiness for Investors and Small-Holder Farmers
- Strengthening Land Rights and Food Security


MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Learning from One Another

In May 2013, MCC unveiled its Knowledge and Innovation Network (KIN) Journal, a technical publication featuring lessons, innovations, ideas, and thinking behind our poverty reduction investments around the world. Through peer-reviewed case studies, technical notes, graphics, and photographs, the KIN Journal fosters knowledge sharing, where best practices, state-of-the-art techniques, challenges, and opportunities are communicated among MCC staff, implementing partners and the broader development community. Together with MCC's rigorous independent impact evaluations and monitoring and evaluation practices, the KIN Journal positions MCC to actively learn within and across the projects we finance. This improves our own ability—and that of others—to deliver development approaches that work.

Sustainability

“â€¦ [South Africa, Rwanda, and Namibia] are helping to lead the charge to define a new model for U.S. assistance â€¦ It's one that empowers and emphasizes co-investment, collaboration, and true partnership. And none of these things can work if it isn't transformed into sustainability, if it doesn't become, really, a country's own initiative.” Secretary of State and Chair of MCC's Board of Directors John Kerry, from his remarks at a global health event with partner countries on the sidelines of the United Nations General Assembly, New York City, September 25, 2013

From how we select partner countries, to how we ask countries to manage their MCC-funded development projects, to how we engage the private sector, MCC understands the importance of sustainability. Because resources are limited and key stakeholders demand that we find ways of doing more with less, we are challenged to increase the value of every dollar we spend on development by ensuring that the results from our projects endure and raise the incomes of the poor in ways that ultimately limit or altogether end their need for development assistance.

At MCC, the sustainability of our investments revolves around working with our partner countries as collaborators in reducing poverty and generating lasting economic growth. MCC's country-driven approach to achieve and increase sustainability means:

Partner countries reform their policies to qualify. MCC's focus on sound policy reforms—quantified in scorecards centering on a country's commitment to ruling justly, investing in their people and promoting economic freedoms—incentivizes political, economic and social reforms vital for sustainable economic growth, including changes in existing laws and institutions or the creation of new ones. Right from the start, we select countries that demonstrate a commitment to pursuing policies and undertaking initiatives that raise their overall level of development, which in turn improves their chances to successfully sustain our investments and their economic growth.

Partner countries build their capacity to deliver and measure development impact. Putting countries in charge of their own development requires that they first consult with all segments of their society to

design their own economic growth programs. Together, we calculate economic rates of return to make sure that we are investing our development resources in those programs with the most cost-effective solutions for breaking through a country's barriers to growth. Locally staffed MCAs are then in charge of implementing, monitoring and maintaining the results of the projects we fund. This often requires that partner countries learn new skills, including accounting for gender equality, responsibly compensating for resettlement when necessary and mitigating the risks of climate change. We know that socially and environmentally sound investments contribute holistically to the sustainability of project results. We also expect our partners to help us conduct independent impact evaluations that go out well past the end of compacts to assess if we have indeed raised the income of project beneficiaries in sustainable ways. Evaluations help us learn more about how our investments actually work and deliver the anticipated impact or why they failed to do so.

Partner countries collaborate with the private sector to drive growth. Partner countries are engaging the private sector at every stage of our process: at the beginning to help identify, develop and target our financial commitments and program activities as well as during implementation to leverage our capital, build on existing foundations and sustain the benefits provided by our investments once our programs have ended. We support our partner countries in establishing market-oriented policies and developing capacity to implement investment opportunities with the private sector. MCC grants and technical support help prepare and negotiate transactions with the private sector, as well as monitor the performance of private sector-funded projects in infrastructure, health care, education, and other areas that are identified as binding constraints to economic growth. For example, as part of El Salvador's second MCC compact, which was approved by MCC's Board of Directors in September 2013, we are working with the government to establish a jointly funded grant facility to identify private investments in the international trade sector. We expect our proposed contribution of \$25 million to leverage over \$125 million of matching investments from the government and the private sector. In Benin, MCC's \$188 million port expansion project facilitated a follow-on 25-year operator's concession that brought another \$256 million in private investment. In Jordan, MCC's investment and transaction support catalyzed \$110 million in private capital that will complete a \$223 million build-operate-transfer deal to expand the As-Samra Wastewater Treatment Plant. In February 2013, the Water and Energy Exchange recognized this transaction with an award for innovative financing.

Making Sustainability Part of the Process

In June 2013, MCC launched a Sustainability Workshop Series that focuses on how to take both internal and external lessons and integrate them into future sustainability planning. We are taking a careful and comprehensive approach to this process, listening to staff throughout MCC and consulting experts from other organizations. The series aims to incorporate sustainability planning into the compact lifespan, from development to implementation, closure and beyond.

MCC's country-centric approach to sustainability works to empower partners to be leaders of their own economic development and growth. We place as much value on strengthening institutions, policies and

practices to make a lasting difference in the lives of the poor as we do on our actual investments that provide near-term, tangible benefits. Our approach attracts greater private sector activity as a way to leverage our intellectual and financial capital to optimize investments and sustain their impact. And this approach is ultimately building an enduring foundation for poverty reduction, economic growth and inclusive prosperity now and well into the future.

Honduras: An Example of Sustainability in Action

To implement the compact, MCC worked with the Government of Honduras to establish and train a local entity called MCA-Honduras that gained expertise in financial management, procurement, contract management, and environmental and social management. This capacity to manage projects has had important impacts beyond the compact.

The former MCA-Honduras is now successfully implementing a \$427 million portfolio of projects funded by other donors. Some of the Inter-American Development Bank projects were signed in 2004 but had been suspended in 2009. MCA-Honduras has taken on the challenge of clearing up the legal disputes, managing the resettlement process and getting these projects back on track. These projects now have works underway and communities will soon benefit from improved road access. MCA-Honduras is also working to help pass some of its experience to government ministries to improve their project execution capacity. For example, MCC required MCA-Honduras to strictly follow the World Bank's resettlement policy and after seeing that this ultimately sped project implementation, the government has chosen to apply this higher standard to all projects.

Financial Statements

Message from MCC's Chief Financial Officer



The Millennium Challenge Corporation remains firmly committed to delivering the highest standards of financial accountability, transparency and reporting in support of the corporation's focused mandate to reduce poverty through economic growth. A key component in delivering on our commitment is disclosing and reporting on our key performance and financial outcomes for the fiscal year. The result is a rigorous year-round process of evaluation and improvement supported by MCC and compact personnel in countries around the world.

Accountability and transparency are at the very core of MCC—they are the same attributes we ask of our partner countries. Their achievement requires continuous, ongoing effort. During 2013, MCC made great strides toward improved accountability by addressing systems and internal control weaknesses identified through previous audits. In particular, MCC confirmed that its financial system complies with federal financial management system requirements. We improved our validation and reconciliation of financial transactions. We have strengthened our regular reviews of key financial reports, improved our transaction processing and established a team to review financial policies and procedures to ensure that they reflect current procedures that achieve MCC's financial objectives.

Transparency has been an important focus for the corporation, and today MCC is at the forefront of transparency in delivering aid. We launched data.mcc.gov where the public can access data, in a machine-readable format, on financial performance, country selection and country household survey impact evaluation information. Due to our efforts, MCC is ranked first among 67 international donors according to the Publish What You Fund Aid Transparency Index.

I am extremely proud of the improvements and enhancements we have made as we continue to ensure accountability and transparency in the corporation's performance and financial reporting. As a continuing result of our focus and efforts, I am pleased to report that, for the third consecutive year, MCC has received an unmodified "clean" audit opinion on its financial statements. I am also pleased to report that MCC continues to maintain a robust system of controls.

While we have accomplished much, MCC's financial processes and practices still have room for improvement. Our independent auditors identified one material weakness and three significant deficiencies. I have reviewed and concurred with each of the auditor's findings. In addition, I appreciate their recommendations and will continue to use them as basis for action as we extend our efforts to address the underlying causes to eliminate them. I appreciate the continued support of the entire corporation, with special thanks to the Office of Inspector General and the independent auditor, as we continue to work together in our quest for excellence in financial management.

Chantale Yokmin Wong
Vice President, Department of Administration and Finance
Chief Financial Officer

[Financial Statements begin on page 39 of the FY2013 Agency Financial Report](#)

Reducing Poverty Through Growth

